

322 | 17

Views | CrossRef citations to date | Altmetric

0

Financial Reforms and Performance in Emerging Market Economies

An Investigation of Global and Regional Integration of ASEAN Economic Community Stock Market: Dynamic Risk Decomposition Approach

Geesun Lee & Jinho Jeong

Pages 2069-2086 | Published online: 02 Aug 2016


Cite this article

<https://doi.org/10.1080/1540496X.2016.1156528>

Check for updates

Sample our
Economics, Finance,
Business & Industry Journals

>> **Sign in here** to start your access
to the latest two volumes for 14 days



Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

We Care About Your Privacy

We and our 848 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)

I Accept

Essential Only

Show Purpose



ABSTRE

This arti

ASEAN E

States. A

market i

more

Second,

situation

tempora

risk by a

KEY WORDS:

ASEC diversification dynamic risk decomposition market integration

been the
d the United
varying
he AEC is
market.
ic economic
AEC
nsystematic

Notes

- ¹. The ASEAN is a political and economic organization of ten countries located in Southeast Asia, which was formed on August 8th 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Since then, membership has expanded to include Brunei, Burma (Myanmar), Cambodia, Laos, and Vietnam. As of 2014, the aggregated GDPs of NAFTA and EU are \$20.5 and \$18.5 trillion USD, respectively.
- ². For the effect of common market on the regional economy, see Pagano ([1993](#)), Akdogan ([1996](#), [1997](#)), Levine and Zervos ([1998](#)), Levine ([2002](#)), Prasad et al. ([2003](#)), Baele et al. ([2004](#)), and Bartram, Taylor, and Wang ([2007](#)).
- ³. See Ba ([2003](#)).
- ⁴. See Alexander ([1994](#)).
- ⁵. We selected the order at 2 based on Portmanteau Q test. It is well known that the lag order 2 best explains the dynamic structure of multivariate time series in most cases (Juselius [2006](#)). A univariate GARCH (1,1) model is used for variance equation since the model was not converged with the other lag lengths and/or with the multivariate model.
- ⁶. We used World Bank, Yahoo/Finance, Datastream, and Bloomberg as the source of the data for average by the yearly average of the highest data. Consequently, the estimator of daily weighted average of ASEAN countries to simulate the system of Myanmar, Thailand, and Vietnam. For Malaysia, of 1.5 percent and about



⁷. We performed the same test with different lags and without trends, and the results do not lead to any different conclusions. We employed automatic lag length selection using a Schwarz Information Criterion (SIC), and the maximum lag length is automatically determined by the lag length parameter methods proposed by Ng and Perron ([2001](#)). For the PP test, we used Newey-West (1994) data-based automatic bandwidth parameter methods for the kernel estimation in order to select the bandwidth.

⁸. T-GARCH or E-GARCH can be used for non-normal data series. However, Cappiello, Engle, and Sheppard ([2006](#)) suggest that any univariate GARCH process that is covariance stationary and assumes normally distributed errors (irrespective of the true error distribution) can be used to model the variances in DCC model and, therefore, the assumption of conditional normality is not crucial. In many cases, the basic GARCH conditional variance [Equation \(3\)](#) under normality provides a reasonably good model for analyzing financial time series and estimating conditional volatility (Zivot [2009](#)). Nonetheless, we tried various GARCH model including multivariate GARCH model. However, these models failed to converge for the data series of this article.

⁹. See Bekaert and Harvey ([1995](#)), Barari ([2004](#)), Ratanapakorn and Sharma ([2002](#)), Phylaktis and Ravazzolo ([2005](#)).

¹⁰. Empirical evidence of the biased optimal portfolio is well documented in the following studies: Michaud ([1989](#)), Best and Grauer ([1991](#)), Chopra and Ziemba ([1993](#)), Cha and Jithendranathan ([2009](#)), and Gupta and Donleavy ([2009](#)).



Relate



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

